

***** A M E N D E D *****
NOTICE OF PUBLIC MEETING OF THE
ARIZONA STATE PARKS BOARD

Notice is hereby given to Members of the Arizona State Parks Board (Board) and the general public that there will be a General Parks Board meeting, to begin on **WEDNESDAY, March 17, 2010 at 9:00 AM** pursuant to A.R.S. § 38-431.02 and A.R.S. § 41-511.01 *et. seq.* at the **City of Apache Junction Council Chambers** located at **300 E. Superstition Blvd, Apache Junction, AZ**. The public portion of the meeting will begin at **10:00 A.M. (time certain)**.

The Board may elect to hold an Executive Session for any agenda item at any time during the meeting to discuss or consult with its legal counsel for legal advice on matters listed on this agenda pursuant to A.R.S. §38-431.03 (A) (3). Items on the Agenda may be discussed out of order, unless they have been specifically noted to be set for a time certain. Public comment will be taken. The Board will discuss and may take action on the following matters.

AGENDA

(Agenda items may be taken in any order unless set for a time certain)

- A. CALL TO ORDER FOR EXECUTIVE SESSION - ROLL CALL - Time Certain: 9:00 A.M.**
- B. EXECUTIVE SESSION** - Upon a public majority vote, the Board may hold an Executive Session that is not open to the public for the following purposes:
 - 1. To discuss or consult with its legal counsel of legal advice on matters listed on this agenda pursuant to A.R.S. §38-431.03.A.3. and A.R.S. §38-431.03.A.4.2.**
 - a. Legal Advice Regarding Arizona Constitution, Article IX, §14 and Proposed Fees.**
 - b. To discuss or consult with its legal counsel of legal issues regarding budget measures including, but not limited to, park closures, grant contracts, State Parks contracts, personnel reductions and other operational ramifications.**
 - c. Legal Advice Regarding Fees and Donations to State Parks.**
 - d. To discuss or consult with its legal counsel regarding proposal to lease and/or acquire Lake Havasu State Park.**
- C. CALL TO ORDER - ROLL CALL – Time Certain: 10:00 A.M.**
- D. INTRODUCTIONS OF BOARD MEMBERS AND AGENCY STAFF**
 - 1. Board Statement** - "As Board members we are gathered today to be the stewards and voice of Arizona State Parks and its Mission Statement to manage and conserve Arizona's natural, cultural, and recreational resources for the benefit of the people, both in our parks and through our partners."

E. **CALL TO THE PUBLIC** – Consideration and discussion of comments and complaints from the public. Those wishing to address the Board must register at the door and be recognized by the Chair. It is probable that each presentation will be limited to one person per organization. Action taken as a result of public comment will be limited to directing staff to study or reschedule the matter for further consideration at a later time.

F. **CONSENT AGENDA** – The following items of a non-controversial nature have been grouped together for a single vote without Board discussion. The Consent Agenda is a timesaving device and Board members received documentation regarding these items prior to the open meeting. Any Board member may remove any item from the Consent Agenda for discussion and a separate vote at this meeting, as deemed necessary. The public may view the documentation relating to the Consent Agenda at the Board's office: 1300 W. Washington, Suite 104, Phoenix, Arizona.

1. **Approve Minutes of February 17, 2010 Arizona State Parks Board Meeting**

2. **Approve Executive Session Minutes of February 17, 2010 Parks Board Meeting**

G. **DIRECTOR'S REPORT**

H. **DISCUSSION ITEMS**

1. **Legislative Update**

2. **Update on revenue forecast, cash balance, operating budget, and cash flow by fund**

5 3. **Heritage Fund Update – Remaining FY 2010 Revenues Withheld**

4. **Discussion on Suggested Donations and Entrance Fees**

5. **Development Project Update**

I. **BOARD ACTION ITEMS**

8 1. **Consider Delegating Authority to the Executive Director to Enter into Leases and Other Contracts** – Staff recommends the Arizona State Parks Board delegate to the Executive Director the authority to enter into leases and/or other contracts with governmental and non-profit entities, as may be necessary, for the sole purpose to keep parks open.

9 2. **Consider Endorsing an Intergovernmental Agreement with the Town Camp Verde for the Operation of Fort Verde State Historic Park** – Staff recommends that the Arizona State Parks Board endorse the major components of the intergovernmental agreement with the Town of Camp Verde for the operation of Fort Verde State Historic Park.

11 3. **Consider Endorsing a Lease and an Intergovernmental Agreement with the City of Yuma for the Operation of Yuma Territorial Prison State Historic Park** – Staff recommends that the Arizona State Parks Board endorse the major components of the lease and intergovernmental agreement with the City of Yuma for the operation of Yuma Territorial Prison State Historic Park.

2

13 4. Consider Endorsing a Lease and Intergovernmental Agreement with the Town of Tombstone for the Operation of Tombstone Courthouse State Historic Park – Staff recommends that the Arizona State Parks Board endorse the major components of the lease and intergovernmental agreement with the Town of Tombstone for the operation of the Tombstone Courthouse State Historic Park.

15 5. Consider Endorsing a Lease and an Intergovernmental Agreement with the Arizona Historical Society for the Operation of Riordan Mansion State Historic Park – Staff recommends that the Arizona State Parks Board endorse the major components of the lease and intergovernmental agreement with the Arizona Historical Society for the operation of the Riordan Mansion State Historic Park.

17 6. Consider Endorsing an Intergovernmental Agreement with the Town of Payson for the Operation of Tonto Natural Bridge State Park – Staff recommends that the Arizona State Parks Board endorse the major components of the intergovernmental agreement with the Town of Payson for the operation of Tonto Natural Bridge State Park.

19 7. Consider Alterations of Planned Park Closures – Staff recommends the Board consider revising park closure dates in anticipation of implementing operating agreements.

22 8. Consider Proposal by Lake Havasu City to Enter Into a Lease Agreement with Arizona State Parks to Allow the City to Operate, Manage and Maintain Lake Havasu State Park – Staff recommends the Arizona State Parks Board continue to operate Lake Havasu State Park.

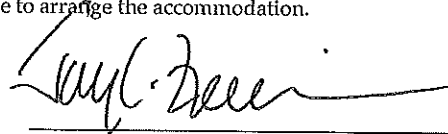
30 9. Consider Approval of a Reduction in the Director's Salary If/When Such a Salary Reduction is Implemented for Covered Employees – Staff recommends that the Board reduce the Executive Director's salary if/when such a salary reduction is implemented for covered employees in FY 2010 or FY 2011.

J. TIME AND PLACE OF NEXT MEETING AND CALL FOR FUTURE AGENDA ITEMS

1. Staff recommends that the next Arizona State Parks Board Meeting be on Wednesday, April 21, 2010.
2. Board members may wish to discuss issues of interest to Arizona State Parks and request staff to place specific items on future Board meeting agendas.

K. ADJOURNMENT

Pursuant to Title II of the Americans with Disabilities Act (ADA), Arizona State Parks does not discriminate on the basis of a disability regarding admission to public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the acting ADA Coordinator, Nicole Armstrong-Best, (602) 542-7152; or TTY (602) 542-4174. Requests should be made as early as possible to allow time to arrange the accommodation.



Renée E. Bahl, Executive Director

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HERITAGE FUND UPDATE –
REMAINING FY 2010 REVENUES WITHHELD

Background

A February 22 letter to the Lottery from the Director of the Governor's Budget Office, John Arnold, instructed that the Lottery Director, Jeff Hatch-Miller, withhold Lottery distributions to the Heritage Fund and other beneficiaries from and after February. In the event that Lottery statutes are not changed, monies withheld in the second half of FY 2010 will be distributed to the Heritage Fund by June 30, 2010.

Arizona State Parks already received \$6,147,750 through January, or 61.5%, of the \$10.0 million FY 2010 Lottery distribution. The February 22 letter to the Lottery will result in a deferral or, if Lottery statutory changes are passed and signed by the Governor, elimination of \$3,852,250 that was due to the Heritage Fund in FY 2010. Both the Executive Budget and the Legislative Budget Office have indicated in their plans to divert \$5.0 million from the Heritage Fund by the end of FY 2010. Further, if that amount is not available in the Heritage Fund at that time, they may seek any difference from another ASP fund.

The Deferral's Effect on Backfilling 1st Regular Session Sweeps:

In September 2009, Joint Legislative Budget Committee gave favorable review to use \$500,000 of the Off-Highway Vehicle Recreation Fund and \$6,050,100 of Heritage Funds to backfill sweeps imposed by the 1st Regular Session of 2009. The Heritage Fund monies included expected revenues, which have now been frozen.

Effect of Transfer of \$3 million of Heritage Funds to State Forester:

Laws 2009, Third Special Session, Chapter 5, Section 13 states that two \$1.5 million payments to the State Forester are to be made from the Heritage Fund in FY 2010. Heritage Funds from FY 2009 and prior revenue were expected to be used for this purpose. The first payment of \$1.5 million was transferred to the State Forester in January. The remaining \$1.5 million is due April 15, 2010.

Since the remaining FY 2010 Heritage Fund receipts will be deferred, the second payment to the Forester will come from existing balances, which were also intended to be used for backfills to the Enhancement Fund and State Lake Improvement Fund.

Staff is investigating whether the second payment to the Forester can be made contingent upon receipt of the remaining, now deferred FY 2010 Heritage Fund payment.

What if the FY 2010 Heritage revenue diversion becomes set at \$5 million?

If ASP is allowed to keep only \$5.0 million of FY 2010 Heritage Fund revenues, we may be required to "return" \$1,147,750. There are at least two ways this might be legislated:

- a) If the "return" of the revenues is addressed as a "sweep" of the Heritage Fund, the cash could come from any component of the Heritage Fund, or from another fund, if allowed. Regardless, if the \$5.0 million is permanently diverted, additional budget cuts will be required.

- b) In addition, if the “return” of the revenues is legislated as a reversal of revenues back to Lottery, the money will likely have to be returned in the same statutory percentages in which it was received. This would affect every component of the Heritage Fund.



Janice K. Brewer
Governor

**GOVERNOR'S OFFICE OF
STRATEGIC PLANNING AND BUDGETING**
1700 West Washington, Suite 500, Phoenix, Arizona 85007
(602) 542-5381 • FAX: (602) 542-0868

John Arnold
Director

February 22, 2010

Jeff Hatch-Miller
Executive Director, Arizona Lottery
4740 E. University Drive
Phoenix, AZ 85034

Dear Director Hatch-Miller,

From and after February 2010, the Arizona Lottery should withhold distributions from the following beneficiaries: the Mass Transit Fund, the Local Transportation Assistance Fund, the County Assistance Fund, and the Heritage Fund. Distributions to these funds are to be held by the agency until such time as a revised appropriation is enacted by the Legislature, or additional instructions are received. In the event that a revised appropriation is not enacted prior to the end of the current fiscal year, distributions to the aforementioned beneficiaries shall be made in full.

Sincerely,

A handwritten signature in dark ink, appearing to read "John Arnold", is written over a large, light-colored oval shape.

John Arnold
Director, OSPB

cc: Eileen Klein

**CONSIDER DELEGATING AUTHORITY TO THE EXECUTIVE DIRECTOR TO
ENTER INTO LEASES AND OTHER CONTRACTS**

Background

The Arizona State Parks Board, through A.R.S. §41-511.05 (2), has the power, "To make such contracts, leases and agreements and incur such obligations as are reasonably necessary or desirable within the general scope of its activities and operations to enable it to perform adequately its duties." At its September 11, 2009 meeting, the Parks Board authorized the Executive Director to, "enter into, amend and withdraw from operating agreements in order to offset or reduce cost, or enhance revenues."

Current Status

Staff is working with community partners throughout the state on leases and agreements. These negotiations are ongoing and detailed and will require the agency to coordinate with the actions of other governing bodies. In order to expedite these actions, staff is recommending that the Board delegate to the Executive Director the authority to enter into leases with governmental and non-profit entities for the sole purpose of keeping parks open.

This action clarifies the authority of the Executive Director to enter into leases. Staff will continue to brief the Board on all leases and contracts.

Staff Recommendation

Staff recommends the Arizona State Parks Board delegate to the Executive Director the authority to enter into leases and/or other contracts with governmental and non-profit entities, as may be necessary, for the sole purpose to keep parks open.

Recommended Board Action

I move the Arizona State Parks Board delegate to the Executive Director the authority to enter into leases and/or other contracts with governmental and non-profit entities, as may be necessary, for the sole purpose to keep parks open.

**CONSIDER ENDORSING AN INTERGOVERNMENTAL AGREEMENT
WITH THE TOWN OF CAMP VERDE FOR THE OPERATION OF
FORT VERDE STATE HISTORIC PARK**

Background

Fort Verde State Historic Park (Park) is owned and operated by the Arizona State Parks Board (Board). The Park is scheduled to close on March 29, 2010 at 5:00 p.m. MST. The Town of Camp Verde (Town) approached the Board with a proposal to help operate the park in response to FY 2010 budget reductions. The Town's offer is to enter into an Intergovernmental Agreement (IGA) to contribute funding to support the operation and maintenance of the Park. Also, the Town, through the Camp Verde Historical Society, would provide volunteers to help staff the Park.

Current Status

The Board and the Town recognize the importance of keeping the Park open to the public, and further recognize that the current budget constraints affecting the State make it difficult for the Board to commit adequate funds to operate the Park. Through this IGA, the Town will pay for the operation of the Park for a period of time until the Board is able to improve its financial position to fund the park. This agreement keeps Fort Verde State Historic Park open to the public.

The Town took action to approve the Agreement on March 3, 2010.

Through a Board Action on September 11, 2009 the Executive Director is authorized to enter into, amend, and withdraw from operating agreements in order to offset, reduce cost, or enhance revenues.

Major Components of the Agreement:

- Ft. Verde State Historic Park will continue to be operated by Arizona State Parks, five days per week.
- The initial term of the IGA is through March 29, 2011, with the option to renew for two additional one-year periods.
- The Town will provide the Board with \$105,000 to subsidize the operation and maintenance of the Park for the initial one-year term. In turn, the Board will provide a Park Manager and one Ranger Specialist (up to 1,800 hours) to staff the Park.
- The Town, through the Camp Verde Historical Society, will provide volunteers to help staff the Park.
- Capital projects would be done in cooperation with the Board. If funds are available for miscellaneous small capital improvement projects, the Board will provide up to \$35,000 for the projects.
- The Board, to the best of its ability, will maintain and repair the park, which includes those activities necessary to keep the facility in good working order and professional in appearance.
- The Board will provide training for park volunteers.
- The Board will retain all park fees.

Staff Recommendation

Staff recommends that the Arizona State Parks Board endorse the major components of the intergovernmental agreement with the Town of Camp Verde for the operation of Fort Verde State Historic Park.

Recommended Board Action

I move that the Arizona State Parks Board endorse the major components of the intergovernmental agreement with the Town of Camp Verde for the operation of Fort Verde State Historic Park.

**CONSIDER ENDORSING A LEASE
AND AN INTERGOVERNMENTAL AGREEMENT
WITH THE CITY OF YUMA FOR THE OPERATION OF
YUMA TERRITORIAL PRISON STATE HISTORIC PARK**

Background

Yuma Territorial Prison State Historic Park (Park) is owned and operated by the Arizona State Parks Board (Board). The Park is scheduled to close on March 29, 2010 at 5:00 p.m. MST.

The City of Yuma (City) approached the agency with a proposal to operate the Park in response to FY 2010 budget reductions. The City's offer is to lease the property from the Board, and the City would operate the Park.

The transaction has two parts, an Intergovernmental Agreement (IGA) and a lease of real property.

Current Status

The Board and the City recognize the importance of keeping the Park open to the public, and further recognize that the current budget constraints affecting the State make it difficult for the Board to commit adequate funds to operate the Park. Through this lease the City will take maintenance and operational responsibility of the Park for a period of time until the Board is able to improve its financial position to fund the Park. This agreement keeps Yuma Territorial Prison State Historic Park open to the public.

The Yuma City Council is expected to consider this agreement at its March 17, 2010 Council meeting.

Through a Board Action on September 11, 2009, the Executive Director is authorized to enter into, amend, and withdraw from operating agreements in order to offset, reduce cost, or enhance revenues. On March 17, 2010, the Executive Director is expected to be delegated the authority to enter into leases and/or other contracts for the sole purpose of keeping parks open.

Major Components of the Agreements:

- The initial term is through March 31, 2013 with an option to renew for two additional three-year periods.
- The Yuma Territorial Prison State Historic Park name and contact information will be retained.
- There is a transition period of 90 days to allow the agency to inventory equipment and exhibits.
- The City will provide for staffing, operation and routine maintenance costs in lieu of rent. The City shall maintain and repair the Park, which includes those activities necessary to keep the facility in good working order and professional in appearance. The City agrees to pay all utility costs including electric, gas, phone, internet connection, trash, water, and wastewater.

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- Capital projects would be done in cooperation with the Board. If funds are available for miscellaneous small capital improvement projects, the Board will provide up to \$35,000 for the projects.
- All net revenues generated by special events shall be placed in a City-administered fund to be used for jointly agreed upon capital improvements to the Park.
- Artifact collections located within the Park shall be properly protected and cared for following standard museum practices described in The National Park Service Museum Handbook. Proper security measures shall be provided and monitored for the protection of the artifact collections and exhibits.
- The Board shall make gift shop merchandise available to the City, subject to the terms and conditions specified in the ASP Gift Shop Merchandise Policy For Lessee. Gift shop merchandise shall only be sold at the Park and at special event venues sanctioned by the Park.
- The City will charge fees as outlined in the Arizona State Parks Board Fee Schedule, and the City will retain those revenues.

Staff Recommendation

Staff recommends that the Arizona State Parks Board endorse the major components of the lease and intergovernmental agreement with the City of Yuma for the operation of Yuma Territorial Prison State Historic Park.

Recommended Board Action

I move that the Arizona State Parks Board endorse the major components of the lease and intergovernmental agreement with the City of Yuma for the operation of Yuma Territorial Prison State Historic Park.

**CONSIDER ENDORSING A LEASE AND INTERGOVERNMENTAL AGREEMENT
WITH THE TOWN OF TOMBSTONE FOR THE OPERATION OF TOMBSTONE
COURTHOUSE STATE HISTORIC PARK**

Background

Tombstone Courthouse State Historic Park (Park) is owned and operated by the Arizona State Parks Board (Board). The Park is scheduled to close on March 29, 2010 at 5:00 p.m. MST.

The Town of Tombstone (Town) approached the agency with a proposal to operate the Park in response to the FY 2010 budget reductions. The Town's offer is to lease the property from the Board, and the Town would operate the Park.

The Town took action to give the Mayor authority to sign an agreement on February 9, 2010.

The transaction has two parts, an Intergovernmental Agreement (IGA) and a lease of real property. The property subject to this agreement is the Courthouse building, the parking lot on Third Street, and the Schiefflen Monument located approximately one mile east of the park.

Current Status

The Board and the Town recognize the importance of keeping the park open to the public, and further recognize that the current budget constraints affecting the State make it difficult for the Board to commit adequate funds to operate the park. Through this lease the Town is willing to take maintenance and operational responsibility of the park for a period of time until the Board is able to improve its financial position to fund the park. This agreement keeps Tombstone Courthouse State Historic Park open to the public.

Through a Board action on September 11, 2009, the Executive Director is authorized to enter into, amend, and withdraw from operating agreements in order to offset or reduce cost, or enhance revenues. On March 17, 2010, the Executive Director is expected to be delegated the authority to enter into leases and/or other contracts for the sole purpose of keeping parks open.

Major Components of the Agreements:

- The initial term of lease is through June 30, 2012 with the option to renew for one additional two-year period.
- The Tombstone Courthouse State Historic Park name and contact information will remain the same.
- There is a transition period of 90 days to allow the agency to inventory equipment and exhibits
- The Town will provide for staffing, operation and routine maintenance costs in lieu of rent. The Town shall maintain and repair the Park, which includes those activities necessary to keep the facility in good working order and professional in appearance. The Town agrees to pay all utility costs including electric, gas, phone, internet connection, trash, water, and wastewater.

- Capital projects would be done in cooperation with the agency. If funds are available for miscellaneous small capital improvement projects, the agency will provide up to \$35,000 for the projects.
- All net revenues generated by special events shall be placed in a Town-administered fund to be used for jointly agreed upon capital improvements to the Park.
- Artifact collections located within the Park shall be properly protected and cared for following standard museum practices described in The National Park Service Museum Handbook. Proper security measures shall be provided and monitored for the protection of the artifact collections and exhibits.
- The Board shall make gift shop merchandise available to the Town, subject to the terms and conditions specified in the ASP Gift Shop Merchandise Policy For Lessee. Gift shop merchandise shall only be sold at the Park and at special event venues sanctioned by the Park.
- The Town will charge fees as outlined in the Board Fee Schedule, and the Town will retain those fees.

Staff Recommendation

Staff recommends that the Arizona State Parks Board endorse the major components of the lease and intergovernmental agreement with the Town of Tombstone for the operation of the Tombstone Courthouse State Historic Park.

Recommended Board Action

I move that the Arizona State Parks Board endorse the major components of the lease and intergovernmental agreement with the Town of Tombstone for the operation of the Tombstone Courthouse State Historic Park.

**CONSIDER ENDORSING A LEASE AND AN INTERGOVERNMENTAL
AGREEMENT WITH THE ARIZONA HISTORICAL SOCIETY FOR THE
OPERATION OF
RIORDAN MANSION STATE HISTORIC PARK**

Background

Riordan Mansion State Historic Park (Park) is owned and operated by the Arizona State Parks Board (Board). On February 17, 2010, the Board voted to extend the closing date of the Park from February 22, 2010 to March 29, 2010 at 5:00 p.m. MST.

The Arizona Historical Society (AHS) approached the Board to discuss the operations of the Park in response to its planned closure.

Current Status

The Board and AHS recognize the importance of keeping the Park open to the public, and further recognize that the current budget constraints affecting the State of Arizona make it difficult for the Board to commit adequate funds to operate the Park. This agreement keeps Riordan Mansion State Historic Park open to the public.

The Arizona Historical Society Board still needs to take action on this agreement.

Through a Board Action on September 11, 2009, the Executive Director is authorized to enter into, amend, and withdraw from operating agreements in order to offset, reduce cost, or enhance revenues. On March 17, 2010, the Executive Director is expected to be delegated the authority to enter into leases and/or other contracts for the sole purpose of keeping parks open.

Major Components of the Agreements:

- The term of the agreement will be for three years with options to renew for two additional two-year periods.
- The Riordan Mansion State Historic Park name and contact information will be retained.
- The Historical Society will provide funding for the following Arizona State Parks employees: a Park Manager I and 1500 hours for Park Ranger Specialist(s).
- Capital projects would be done in cooperation with the Board. If funds are available for miscellaneous small capital improvement projects, the Board will provide up to \$35,000 for the projects.
- AHS shall maintain and repair the Park, which includes those activities necessary to keep the facility in good working order and professional in appearance.
- Artifact collections located within the Park shall be properly protected and cared for following the standard museum practices described in the National Park Service Museum handbook. Proper security measures shall be provided and monitored for the protection of the artifact collections and exhibits.
- The Board shall make gift shop merchandise available to AHS, subject to the terms and conditions specified in the Gift Shop Merchandise Policy for Lessee. Gift shop merchandise shall only be sold at the Park and at special event venues sanctioned by the Parks.

- AHS will charge fees as outlined in the Arizona State Parks Board Fee Schedule.
AHS will retain those fees.

Staff Recommendation

Staff recommends that the Arizona State Parks Board endorse the major components of the lease and intergovernmental agreement with the Arizona Historical Society for the operation of the Riordan Mansion State Historic Park.

Recommended Board Action

I move that the Arizona State Parks Board endorse the major components of the lease and intergovernmental agreement with the Arizona Historical Society for the operation of the Riordan Mansion State Historic Park.

**CONSIDER ENDORSING AN INTERGOVERNMENTAL AGREEMENT WITH THE
TOWN OF PAYSON FOR THE OPERATION OF TONTO NATURAL BRIDGE
STATE PARK**

Background

Tonto Natural Bridge State Park (Park) is owned and operated by the Arizona State Parks Board (Board). The Park is scheduled to close on June 3, 2010 at 5:00 p.m. MST.

The Town of Payson (Town) approached the Board with a proposal to help operate the park in response to FY 2010 budget reductions. The Town's offer is to enter into an Intergovernmental Agreement (IGA) to contribute funding to support the operation and maintenance of the Park.

Current Status

The Board and the Town recognize the importance of keeping the Park open to the public, and further recognize that the current budget constraints affecting the State make it difficult for the Board to commit adequate funds to operate the Park. Through this IGA, the Town would pay for the anticipated operational loss of the park through September 27, 2010 at 5:00 p.m. MST. This agreement keeps Tonto Natural Bridge State Park open to the public through September 27, 2010.

With the new fee schedule, staff estimates costs will exceed revenues by \$25,000 from June to late September 2010. If net costs are higher, the Board bears the risk and must fund the difference. This IGA amends the current IGA where Payson pays the Board \$17,000 for operational assistance.

The Town took action to approve negotiating the Agreement on March 4, 2010.

Through a Board Action on September 11, 2009, the Executive Director is authorized to enter into, amend, and withdraw from operating agreements in order to offset, reduce cost or enhance revenues. On March 17, 2010, the Executive Director is expected to be delegated the authority to enter into leases and/or other contracts for the sole purpose of keeping parks open.

Major Components of the Agreement:

- Tonto Natural Bridge State Park will continue to be operated by Arizona State Parks, five days per week, through September 27, 2010.
- The Town will provide the Board with \$25,000 to subsidize the operation and maintenance of the Park.
- The Town will work to provide volunteers to help staff the Park.
- The Board will provide training for Park volunteers.
- The Board will retain all Park fees.

Staff Recommendation

Staff recommends that the Arizona State Parks Board endorse the major components of the intergovernmental agreement with the Town of Payson for the operation of Tonto Natural Bridge State Park.

Recommended Board Action

I move that the Arizona State Parks Board endorse the major components of the intergovernmental agreement with the Town of Payson for the operation of Tonto Natural Bridge State Park.

CONSIDER ALTERATIONS OF PLANNED PARK CLOSURES

Background

At the September 11, 2009 meeting, the Arizona State Parks Board authorized the Executive Director, or designee, to enter into, amend, and withdraw from operating agreements in order to offset or reduce cost, or enhance revenues.

Current Status

Staff has continued to work with community partners throughout the state on various agreements to keep parks open. These negotiations are ongoing and detailed and require the agency to coordinate with other governing bodies. Staff plans to finalize five agreements that keep parks open in the month of March.

Parks That Closed February 22, 2010

Park	Community Partner(s)	Scope of Agreement	Current Status	Estimated One-Time Cost to Close
Homolovi Ruins State Historic Park	Hopi Tribe	Proposal to purchase park by Hopi, but no proposal to operate	Park Closed to Public	\$102,000
Lyman Lake State Park	Apache County	Preliminary discussions to open park during the summer months	Park Closed to Public	\$ 90,000

Parks Slated to Close March 29, 2010

Fort Verde State Historic Park	Town of Camp Verde	IGA to provide funding to operate the park using State Parks staff. Agreement at March Board meeting	Agreement approved by Town on March 3, 2010	\$141,000
Roper Lake State Park	Graham Co., Eastern AZ College, Dept. of Game and Fish	Preliminary meetings	Working with community to explore ideas for keeping the park open. County requests to delay closing date by 60 days	\$110,000
Yuma Prison State Historic Park	City of Yuma, Heritage Area	City of Yuma to lease and operate Park. Agreement at March Board Meeting	Draft Agreement being finalized. Council acts March 17, 2010.	\$123,000

Parks Slated to Close March 29, 2010 (continued)

Tubac Presidio State Historic Park	Tubac Chamber of Commerce National Park Service	No agreement	Working with community to explore ideas for keeping the park open	\$142,000
Riordan Mansion State Historic Park	City of Flagstaff, Riordan Action Network, AZ Historical Society	Arizona Historical Society to lease park. Agreement March Board Meeting	Agreement being drafted. Arizona Historical Society needs to approve	\$146,000

Parks Slated to Close June 3, 2010

Alamo Lake State Park	La Paz County, Town of Wickenburg, AZ Game & Fish	Preliminary meeting with partners has promise	La Paz County is considering agreement	\$125,000
Lost Dutchman State Park	Town of Apache Junction	Preliminary discussions	Town is considering an agreement	\$ 59,000
Picacho Peak State Park		No agreement		\$ 80,000
Red Rock State Park	City of Sedona, Benefactors of Red Rock, Yavapai County	Preliminary discussions	Working with community to explore ideas for keeping the park open	\$ 89,000
Tonto Natural Bridge State Park	Town of Payson	Town to provide funding for operational loss through September 27, 2010. Agreement March Board meeting	Agreement to negotiate approved by Town on March 4, 2010	\$139,000
Tombstone Courthouse	Town of Tombstone, Tombstone Chamber of Commerce	Town of Tombstone to lease and operate Park. Agreement March Board meeting	On February 9, Mayor given authorization to sign agreement	\$ 96,000
Oracle Closed	Friends of Oracle State Park	No agreement	Friends Group is exploring ideas to keep the park open.	\$179,000

Staff Recommendation

Staff recommends that the Board revise the closing date of Tonto Natural Bridge State Park from June 3, 2010 to September 27, 2010 at 5:00 p.m. MST.

Recommended Board Action

I move the Arizona State Parks Board revise the closing date of Tonto Natural Bridge State Park from June 3, 2010 to September 27, 2010 at 5:00 p.m. MST.

**CONSIDER PROPOSAL BY LAKE HAVASU CITY TO ENTER INTO A LEASE
AGREEMENT WITH ARIZONA STATE PARKS TO ALLOW
THE CITY TO OPERATE, MANAGE AND MAINTAIN
LAKE HAVASU STATE PARK**

Background

Lake Havasu State Park (Park) is comprised of Contact Point and Windsor Beach units. These properties are held by Arizona State Parks via Bureau of Land Management (BLM) Recreation and Public Purpose Act patent, lease and deed.

The attachment to this report shows the revenues for the Park for FY 2009 (actual) and FY 2011 (estimated) by annual pass revenue, day use visitation and revenue, camping visitation and revenue, and total revenue. The estimated revenue increases for FY 2011 are due to the increase in the cost of annual passes and increases in day use and camping fees.

Current Status

On February 10, 2010, Lake Havasu City (City) sent the attached letter to the Arizona State Parks Executive Director proposing several items for discussion and possible negotiation leading to an agreement between the Board and the City. Windsor Beach and Contact Point are the areas under consideration. The City stated these properties consist of a total of approximately 491 acres that are wholly contained within the incorporated boundaries of the City and are currently held under the authority of the BLM. The City acknowledges that any agreement regarding the operation and control of these lands is subject to final approval of the BLM.

City Proposal

The proposal is for a lease agreement whereby the City operates, manages and maintains the Park, using City-authorized personnel and other resources. The City agrees to accept responsibility for all costs associated with the operation, management and maintenance; and, additionally, would reimburse the Board \$50,000 per annum. The proposed timeframe is for the period in which the Board keeps Colorado River parks open to the public under the current plan, or 25 years, whichever occurs first.

The City may establish and collect entry fees, and the City would sell and agree to honor annual passes for a proposed period of two years. The proceeds from the sale of the passes would be forwarded to the Board. The City also proposes the ability to establish its own unlimited use pass specifically for the Park.

Any rents due under existing subleases, concessionaire or other agreements that are in effect would be negotiated separately.

At the end of the lease term or when the closure of the river parks becomes imminent, the Board would agree to cooperate with the City and BLM for the effective and swift transfer of the patent rights to the City.

Proposed Legislation

Two bills have been introduced relating an agreement between the Board and the City: HB 2786, introduced by Representative Goodale, and SB 1370, introduced by Senator Gould. (SB 1370 and HB 2786 are identical).

The bills require the Board to enter into a lease agreement with a municipality adjacent to a state park that provides fishing and boating facilities along the Colorado River. If agreed to by the city or town, the lease agreement shall be for a period of 25 years with lease payments of no more than \$50,000 per year.

Staff Recommendation

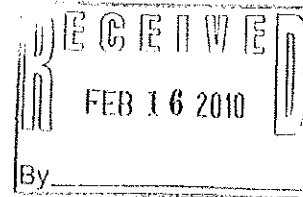
Staff recommends the Arizona State Parks Board continue to operate Lake Havasu State Park.

Recommended Board Action

I move the Arizona State Parks Board continue to operate Lake Havasu State Park.



**OFFICE OF THE CITY MANAGER
LAKE HAVASU CITY**



February 10, 2010

Renée E. Bahl, Executive Director
Arizona State Parks
1300 West Washington Street
Phoenix, AZ 85007

Subject: Lake Havasu State Park and Lake Havasu City

Dear Director Bahl:

Thank you for the e-mail invitation dated January 19, 2010, and our subsequent meeting in your office Wednesday, January 27. I appreciated the opportunity to meet with you in person to discuss the future of Arizona State Parks, and in particular, Lake Havasu State Park.

As you know, the citizens and elected officials of Lake Havasu City are very concerned about the ongoing state budget crisis and its potential impacts on the reliable, continued operation of Arizona State Parks. Please know that we support and appreciate your department's desire to keep nine top revenue-producing parks open, including Lake Havasu State Park. We remain concerned, however, that this plan includes additional cuts to personnel and maintenance operations at the surviving parks, as well as a sweep of any revenue the parks may produce. We fear this plan will only facilitate a continued downward trend in the parks' overall condition and the quality of the visitor's experience.

Protecting and developing tourism is the top priority of Lake Havasu City. Lake Havasu City is a renowned boating destination and Lake Havasu State Park is a primary access point to the waters of Lake Havasu and the Colorado River.

As previously stated, we appreciate and support the efforts of Arizona State Parks to keep the Colorado River parks open. However, given the volatility of the state's financial condition, and the potential for additional park closures, under authorization granted to me by the Mayor and City Council of Lake Havasu City, I wish to present the following points as basis for discussion and possible negotiations leading to an agreement between Arizona State Parks and Lake Havasu City:

Applicability

For the purposes of this discussion, Lake Havasu City suggests the areas known as Windsor Beach and Contact Point of Lake Havasu State Park (LHSP) be considered the areas subject to discussion. These properties consist of a combined total of approximately 491 acres that are wholly contained within the incorporated boundary of Lake Havasu City. The properties are currently held by the Arizona State Parks Board under authority of the U.S. Department of the Interior, Bureau of Land Management (BLM). Lake Havasu City acknowledges that any agreement regarding the operation and control of these lands is subject to final approval of the BLM.

Lease

For the period in which the Colorado River state parks, including Cattail Cove and Buckskin, remain open under the current plan, Lake Havasu City (City) wishes to begin discussions leading to a lease agreement that allows the City to operate, manage and maintain LHSP, utilizing City-authorized personnel and other resources. The City is not proposing to front any costs associated with the disposal and/or transfer of park assets or personnel-related expenses. In consideration for the lease, the City agrees to accept responsibility for all costs associated with the operation, management and maintenance of LHSP. In addition, the City would reimburse Arizona State Parks (ASP) the amount of \$50,000 annually, payable in a manner agreeable to ASP. This amount is intended to compensate ASP for the loss of estimated excess revenue generated by LHSP, and the amount is based on prior year reports of \$38,000 to \$52,000. The term of this provision is proposed for the period in which ASP keeps Colorado River parks open to the public under the current plan, or 25 years, whichever occurs first. At the end of the term, the City would propose the provisions outlined under the heading "Transfer" below, would go into effect.

Collection of Fees, Annual Pass, Rents

We believe that during the period in which the City is operating LHSP, the City may establish and collect entry fees. In consideration of ASP's projected increased future revenues resulting from the sale of annual passes, the City would agree to sell and honor the passes for a proposed period of two years. Proceeds from the sale of ASP annual passes (good at all state parks) would be forwarded directly to ASP. The City proposes to retain the right to establish its own unlimited-use pass that would be honored only at LHSP. We also propose that any rents due under existing sub-lease, concessionaire, or other agreements that are in effect for the subject properties be negotiated separately.

Transfer

The City proposes that at the end of the lease term, or at any time the closure of the Colorado River state parks becomes imminent, ASP would agree to cooperate with the BLM and City for the effective and swift transfer of LHSP patent rights from ASP to the City. The transfer would allow the continued operation and development of the public facilities as part of the City's municipal parks system.

In closing, I want to thank you for this opportunity to present these points to lay the groundwork for discussions leading to an agreement for the public's benefit. Nothing

contained in this communication is intended to be binding, and I look forward to working with you, your staff and Board in the interest of continuing to serve our visitors, community and state, in the most efficient and beneficial manner possible.

Please feel free to contact me anytime at 928-453-4141 if you have any questions regarding this communication.

Respectfully,



Charlie Cassens
Interim City Manager
Lake Havasu City, Arizona

cc: Mayor Nexsen and Lake Havasu City Council Members
Arizona State Parks Board Members
Arizona Governor Janice K. Brewer
District 3 State Senator Ron Gould
District 3 State Representative Nancy McLain
District 3 State Representative Doris Goodale
Arizona State Senate Leaders Bob Burns, Chuck Gray, Jorge Luis Garcia and Rebecca Rios
Arizona House of Representatives Leaders Kirk Adams John McComish David Lujan and Kyrsten Sinema
Bureau of Land Management Colorado River District Manager Becky Heick

Actual and Estimated Revenues for Lake Havasu State Park

Date: February 25, 2009

Table 1. Annual Pass Revenue

	Actual FY09	Estimated FY11*
Premium	Cost of pass	\$125
	# of pass sales	2,764
Standard	Pass revenue	\$345,450
	Cost of pass	\$50
	# of pass sales	445
	Pass revenue	\$22,250
TOTAL PASSES	# of passes	3,209
	Pass revenue	\$400,000

Total estimated increase \$32,300

Table 2. Day Use Visitation and Revenue

	Actual FY09	Estimated FY11**
Visitation	161,084	156,251
Day use fees	\$10	\$10 wd* / \$15 we*
Revenue	\$316,430	\$555,104

*wd = weekday, we=weekend

Total estimated increase \$238,674

Table 3. Camping Visitation and Revenue

	Actual FY09	Estimated FY11***
Visitation	29,199	30,659
Camping fees	\$14-\$17	\$15-\$20
Revenue	\$128,525	\$170,157

Total estimated increase \$41,632

Table 4. Total Revenue

	Actual FY09	Estimated FY11
Revenue	\$812,655	\$1,125,261

Total estimated revenue increase

Total estimated operating savings

\$312,606

\$139,000

Assumptions:

Annual Passes:

- > FY09 figures are actuals recorded by Arizona State Parks (ASP).
- > *Pass sales were expected to decrease when the cost of passes increased. Park specific estimates were generated based on historical data, FY10 sales to date, and feedback and observations of park staff. Overall, the system-wide effect was estimated to be 43% decrease in pass sales.

Day use visitation:

- > **Based on projections day use visitation was expected to decrease 3% due to changes in fees and operating schedules.
- > Weekday/ weekend day use visitation numbers are consistent with a visitation analysis
- > For the calculation of day use visitation, the number of visitors per vehicle was estimated based on observations of park staff and corroborated by Visitor Survey data.
- > Estimated day use revenue was calculated by 1) multiplying anticipated visitation by 70% (to generate the number of weekend visitors), 2) divided by the number of people per vehicle (3.8), 3) then multiplied by \$15 - weekend day use fee. This process was repeated for weekday visitation (30% of visitation, \$10 per car)

Camping visitation:

- > ***Based on projections, camping attendance was expected to increase by 5%, due to real increases observed at ASP and industry trends.
- > A range of camping fees are set by the ASP. The mid-point in camping fee ranges increased \$2 from FY09 to 3/1/10. For the purposes of these analyses, and consistent with park feedback and observations, it was assumed that revenue per visitor would increase conservatively by \$1.

Total:

- > Rounding account for total anticipated net revenue of \$424,000
- > Operating savings comes from utilizing full-time staff from Alamo Lake flexibly at Lake Havasu, Cattail Cove and Buckskin, and eliminating seasonals

27

R&PP Deed
Document Ref# AZ-96-005
Aug. 8, 1995
Recorded in Mohave County
Book 2607, page 839-846
21.5 Acres (GIS calculated)

R&PP Deed
Document Ref# AZ-96-002
Sep. 25, 1996
Recorded in Mohave County
Book 2818, page 58-62
40 Acres (GIS calculated)

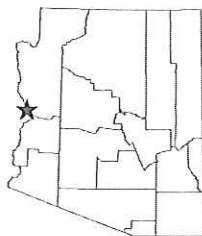
R&PP Lease (25 year)
Document Ref# AZA-29060
Aug 8, 1995
Recorded in Mohave County
Book 2607, page 847-850
77.5 Acres (GIS calculated)

R&PP Patent
Document Ref# 02-95-0044
Aug. 8, 1995
Recorded in Mohave County
Book 2607, page 832-838
18.6 Acres (GIS calculated)

Lake Havasu State Park Contact Point

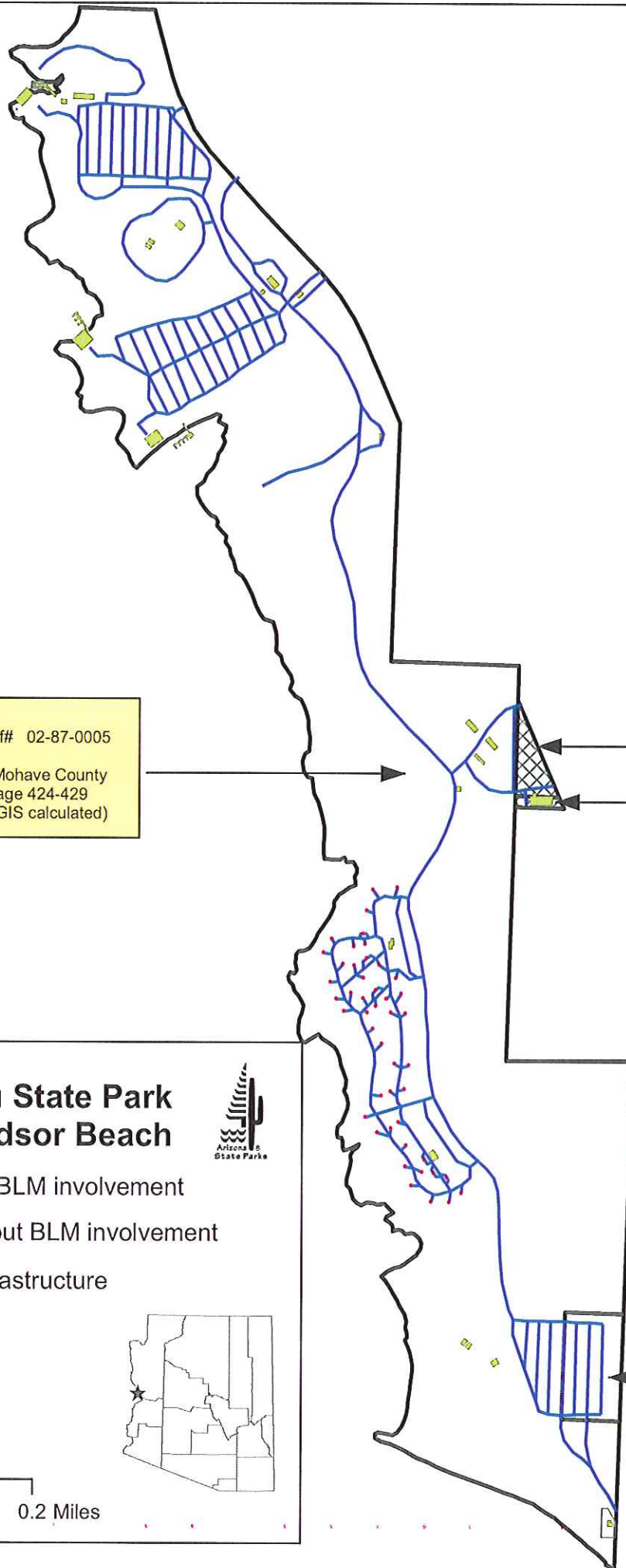


-  Lands with BLM involvement
-  Lands without BLM involvement
-  Various Infrastructure
-  Campsites
-  Roads



0 0.1 Miles

28




R&PP Patent
Document Ref# 02-87-0005
Nov. 7, 1986
Recorded in Mohave County
Book 1276, page 424-429
186.5 Acres (GIS calculated)


Deed
Aug. 5, 1999
Recorded in Mohave County
Book 3372, page 544-546
0.919 Acres


Deed
Dec. 2, 1999
Recorded in Mohave County
Book 3426, page 928-931
0.339 Acres


R&PP Patent
Certificate of Approval of
Transfer and Change of
Use from BLM to
(City of Lake Havasu)
Document Ref# 02-87-0006
Aug. 12, 1997
Recorded in Mohave County
Book 2977, page 708-712
3.8 Acres (GIS calculated)


Lake Havasu State Park Windsor Beach


 Lands with BLM involvement

 Lands without BLM involvement

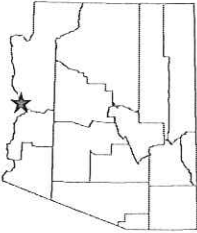
 Various Infrastructure


 Campsites

 Roads



Arizona State Parks





0 0.2 Miles

**CONSIDER APPROVAL OF A REDUCTION IN THE EXECUTIVE DIRECTOR'S
SALARY IF/WHEN SUCH A SALARY REDUCTION IS IMPLEMENTED
FOR COVERED EMPLOYEES**

Background

A.R.S. §41-511.02(A) states the Board shall employ a full-time Executive Director. July 1989 Parks Board policy authorizes the Executive Director, or designee, to make all personnel decisions necessary for the hiring, discipline, and management of the agency personnel except the Executive Director.

Current Status

The following is a summary of the Executive Budget Recommendation "reduction of state employee pay by 5%."

1. Arizona Department of Administration (ADOA) was directed to provide language for reducing state employee pay by 5%. There is no additional information on this language as of March 8, 2010.
2. Reduction of State employee pay may be part of the 7th Special Session.
3. An emergency rule was filed December 24, 2009 by ADOA with language allowing the Director of ADOA to establish policies and guidelines to reduce salaries of covered employees due to budget reductions. This rule was to be effective February 24, 2010. It has been placed on hold.
4. A new rule allowing the Director of ADOA to establish policies and guidelines to reduce salaries of covered employees due to budget reductions is currently going through the regular rule making process. This rule could be effective April 10, 2010. It has been placed on hold.

The Executive Director already has authority to implement a salary reduction on all other agency uncovered employees. In the event that the rule or legislation only affects covered employees, only the Board has authority to amend the Executive Director's salary.

Staff Recommendation

Staff recommends that the Board reduce the Executive Director's salary if/when such a salary reduction is implemented for covered employees in FY 2010 or FY 2011.

Recommended Board Action

I move that if the FY 2010 or FY 2011 budget requires a reduction in salary for covered employees, the Executive Director shall reduce her salary by the same percentage with the same effective date. If the percentage of salary reduction would reduce the Executive Director below the levels required by ADOA pursuant to A.R.S. §38-611, the Executive Director shall reduce her salary by the maximum amount that would comply with ADOA's requirements.